THE HEALTH INFORMATION MODERNIZATION AND SECURITY ACT

HON. DAVID L. HOBSON

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 7, 1995

Mr. HOBSON. Mr. Speaker, today I am introducing the Health Information Modernization and Security Act with Mr. SAWYER. In the Senate, Mr. BOND and Mr. LIEBERMAN introduced the same bill as S. 872. Our bipartisan, bicameral bill was developed over several years in an open, cooperative effort between the private and public sectors. Our purpose is to reduce excessive paperwork and administrative waste in the health care system by facilitating the development of an electronic health information network.

Health information systems are on the verge of a dramatic transformation. Today, financial and administrative information commonly is keyed into a computer, printed in paper form, and then mailed or transmitted to another person who rekeys the information into another computer. The constant demand for more information in less time is pushing the current system toward electronic data interchange [EDI], the computer-to-computer exchange of information in a standard format.

The technology exists today to move away from a paperwork system and toward an electronic health information network. Although many institutions have internally automated health information systems, there are barriers to sharing information externally, among institutions. First, no single entity in the health care industry has the market power to move the industry toward a common standard. Second, antiquated State licensing laws make computerized medical records technically illegal in 12 States and legally ambiguous in 16 others. Third, there are privacy concerns related to the degree of access to health information.

The Health Information Modernization and Security Act removes the barriers that block the modernization and simplification of health information networks. Once these barriers come down, the private sector will be able to reduce unnecessary paperwork, which adds nearly 10 cents to every health care dollar; expose fraud in ways that are impossible under the confusing, disjointed paperwork system we have today; protect patient privacy and the confidentiality of health information; and provide consumers with the data they need to compare the value of insurance plans and health services.

Basically, our bill sets up a process that moves the health care industry toward a common electronic language for sharing information. The Secretary of the U.S. Department of Health and Human Services is required to adopt standards for health information, but only if those standards already are in use and generally accepted. The Secretary is required to adopt financial and administrative data standards, security standards, privacy standards for individually identifiable health information, and special rules for coordination of benefits, code sets, electronic signature, and unique health identifiers for individuals, employers, health plans, and health care providers.

The Secretary is not required to adopt standards for clinical data or information in the patient medical record. Financial and administrative data often is handled electronically today, and there is general agreement on the type of standards that should be adopted. Clinical information, in contrast, is more complicated and there is little consensus on the quantity or content of the data that should be standardized. Further, adopting clinical standards involves complex privacy requirements and a debate about whether or not data should be centralized. However, after 4 years, but sooner than 6 years, the Secretary must recommend to Congress a plan for developing and implementing uniform, electronic data standards for information in the patient medical record.

Within 2 years after the Secretary adopts the standards, health plans are required to comply. The mandate is on the payer, not the provider. Providers are required to comply with the standards for any business they do with Medicare. Payers and providers may deviate from the standards by mutual agreement. For example, a payer may agree to accept information on paper claims, but they are not required to accept that information if it is not in the standard format adopted by the Secretary. Similarly, a provider may agree to provide additional information requested by the payer, but they do not have to provide that information if it is not among the standards adopted by the Secretary. This creates the market-oriented leverage necessary to converge on a single industry standard.

To conclude my remarks, I want to credit the work and commitment of the people behind this legislation. In 1991, Secretary of Health and Human Services Louis Sullivan articulated a vision of a health care information system. Mr. BOND first introduced legislation to achieve that vision in 1992, updated that work in 1993—Mr. Sawyer and I were the House sponsors—and now we introduce the final product of our continuing efforts here today—the Health Information Modernization and Security Act.

CONGRATULATIONS FLORIDA HOSPITAL

HON. BILL McCOLLUM

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 7, 1995

Mr. MCCOLLUM. Mr. Speaker, congratulations to Florida Hospital in Orlando, FL, on the occasion of the beginning of construction for the Walt Disney Memorial Cancer Institute's new facility in my congressional district.

When its new facility is complete, the institute will bring honor to Orlando as a leader in diagnosis, treatment, and prevention of cancer. We are grateful to Florida Hospital for providing a service of this magnitude, including research and cancer prevention education, for the citizens and families of central Florida.

We are fortunate to have dedicated caregivers like Florida Hospital and the Walt Disney Memorial Cancer Institute in Orlando. We congratulate them on their commitment to bring quality cancer care to our citizens.

TRIBUTE TO MARIANNE TETA AND MARTIN GOLDEN, BAY RIDGE COMMUNITY COUNCIL AWARD DINNER DANCE

HON. SUSAN MOLINARI

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 7, 1995

Ms. MOLINARI. Mr. Speaker and distinguished colleagues, please join me as I recognize the dedication, determination and efforts of two outstanding citizens of Bay Ridge, NY, Marianne Teta, president of the Bay Ridge Community Council and Martin Golden, president of the Fifth Avenue Board of Trade and the recipient of the 1995 Bay Ridge Community Council Civic Award.

This dynamic team allied civic, business, church, and veterans groups in an ongoing public awareness campaign which resulted in the continued operation of Fort Hamilton Army Base, a historic landmark serving our country since 1825.

Marianne J. Teta, lifelong resident of Brooklyn, presently serves as the director of NYNEX Consumer Affairs for Brooklyn and Staten Island. Among the many organizations Marianne is presently active in are the Bay Ridge Lions, Ragamuffin and the Bay Ridge Parks and Waterfront Council.

Martin Golden resides in Bay Ridge with his lovely wife Colleen and their son Michael. Together they manage the Bay Ridge Manor and aid many worthly organizations such as the Angel Guardian Home and Heart Share.

We are fortunate to be blessed with these caring individuals who have encouraged community pride and involvement by supporting our neighbors in the armed forces. They are a credit to Bay Ridge, Brooklyn, and an important part of the fiber that strengthens our neighborhoods and Nation.

INVESTORS MAKE LOUSY CROWBARS

HON. MICHAEL G. OXLEY

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 7, 1995

Mr. OXLEY. Mr. Speaker, I commend the following column by Cynthia Beltz from the Journal of Commerce to the attention of my colleagues.

[The Journal of Commerce, May 25]

INVESTORS MAKE LOUSY CROWBARS

(By Cynthia Beltz)

The world's major industrialized nations this week launched two years of negotiations to reduce barriers to cross-border investment. Just last week, the United States threatened Japan with 100 percent tariffs on luxury auto imports unless its auto parts market is opened to U.S. companies. Unfortunately, such tit-for-tat tactics in the trade arena are now spreading like an infectious disease into the investment field, threatening to thwart the negotiations before they get off the ground.

U.S. investment policy traditionally has rejected aggressive reciprocity tactics. Instead, Washington has maintained open-door policies at home while promoting them abroad. The strategy has paid off. The best companies in the world have flocked to the

United States, boosting productivity and economic welfare. New research from the Census Bureau shows, for example, that foreign-owned plants are more productive, more technology-intensive and pay higher wages than the average U.S.-owned plant. Developing countries are also moving at a record pace to emulate America's successful open-door investment policy. More than 40 nations moved in this direction in 1992 alone. Indeed, attitudes have shifted from deep suspicion of multinational investors to active solicitation.

Foreign direct investment, or FDI, is now the most important source of external finance for developing countries, which attracted a record 40 percent of global FDI flows in 1994. A lack of modern infrastructure that threatens future growth is further driving FDI liberalization in areas still restricted in many nations. Countries such as India and Indonesia, for example, are breaking down telecommunication monopolies and encouraging increased foreign participation.

The irony is that the United States is moving in the opposite direction. In contrast to the unilateral opening now occurring in developing countries, the United States has started to experiment with a new generation of laws and regulations that promote the discriminatory treatment of foreign investors.

Since 1988 substantial machinery has been put in place to block FDI deals and to penalize foreign-owned firms for the offensive practices of their home-country governments. First popular in the area of research and development policy, these tit-for-tat tactics are now being used against foreign investors through the deregulation of U.S. financial services and communications sectors. In both cases, pending legislation would condition the access of foreign investors—such as banks and telecommunication firms—on comparable market-opening measures in their home countries. U.S. negotiators have further indicated their intention to link the two during the investment negotiations, which are being held under the auspices of the Organization for Economic Cooperation and Development.

Caught in the cross-fire are deals like the proposal by Deutsche Telekom and France Telecom to buy a 20 percent stake in Sprint; rival AT&T wants the deal blocked until equal access is secured in the German and French markets. Also caught are proposals to unconditionally eliminate the existing 25 percent restriction on foreign ownership of media and telephone companies. These proposals don't have a chance until the tactic of using investors as a trade tool is rejected as economic nonsense.

For starters this approach treats liberalization as a concession and discounts the intrinsic value of foreign investment to the U.S. economy. Opening financial services and telecommunications more to competition and foreign participation will generate benefits for the U.S. economy that do not depend on more open rules abroad. Sir James Graham, a 19th century British statesman, said it best: to create a link between the two is to ''make the folly of others the limit of our wisdom.''

As San Francisco Federal Reserve Bank President Robert T. Parry put it, the ''hammer of reciprocity'' is a crude policy tool that misses the fundamental point: Competition is America's secret economic weapon, not reciprocity.

Take the case of the auto industry. Foreign-owned car plants in this country—so-called transplants—have brought key technology and management practices to the United States, strengthening the domestic industry and transforming the nation's Rust Belt into an export belt. By contrast, consider the sheltered telecommunications industry in Germany and the slow pace of deregulation, which have kept costs high and hurt firms within the industry as well as downstream users.

Further, if the United States hopes to secure an investment agreement—either through the OECD or an expanded World Trade Organization—that is based on the principles of nondiscrimination, then approving the use of foreign investors as a crowbar is hardly an auspicious start. Is this really the precedent the United States wants to set for other countries, especially the dynamic developing economies? Just as the OECD is trying to narrow the scope of investment restrictions, Washington is carving out a new category of exceptions to the principle of nondiscrimination, with potentially damming consequences.

The hazard of being a leader is that others watch and follow. The anti-dumping laws provide an unfortunate case in point. Initially promoted as a ''trade remedy,'' anti-dumping laws have spread around the world, to the detriment of U.S.-owned multinationals. More than 40 nations—half of them developing countries—have adopted anti-dumping laws. Indeed, there has been a sharp increase in cases since 1990, and U.S. exporters are now the target of these laws more often than any other country. What seemed to help in the short term instead has worked to reduce corporate flexibility and hurt the efficiency of the global economy.

If other countries follow the U.S. lead in investment and use FDI as a trade tool, we will have created an administrative nightmare. We also will have squandered a rare opportunity to develop a comprehensive, nondiscriminatory investment regime.

Rather than take this troubled path, the United States should lead by example and resist the tit-for-tat approach to investment challenges. Competing for, not restricting, investor dollars—domestic or foreign—drives the economy forward. Let's stick with the program that works.

Cynthia Beltz, a research fellow at The American Enterprise Institute in Washington, is editor of the forthcoming, ''The Foreign Investment Debate'' (AEI, 1995).

SUPPORT THE NAVY'S SUBMARINE MODERNIZATION PLAN

HON. SAM GEJDENSON

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Wednesday, June 7, 1995

Mr. GEJDENSON. Mr. Speaker, I encourage my colleagues to read the article below from this month's issue of Sea Power Magazine, which underscores the need for Congress to support the Navy's submarine modernization plan. The article was written by James Courter, former Congressman and chairman of the BRAC Commission, and Loren Thompson, executive director of the Alexis de Tocqueville Institution.

The timing of this article could not be better as Congress debates the Navy's plan to complete the third *Seawolf* and continue design work on the follow-on less expensive new attack submarine. I urge all my colleagues to read this informative article and to support the Navy's submarine plan.

The article follows:

THE NEXT SUBMARINE—AND THE ONE AFTER THAT

(By James Courter and Loren Thompson)

In the years since the fall of the Berlin Wall, the future of the Navy's submarine construction program has become somewhat uncertain. The service has taken several steps to adjust to the diminished threat, including scaling back the program to build Seawolf-class nuclear-powered attack submarines (SSNs). In the late 1989s the Navy was planning to build as many as 29 Seawolfs; the program now has been cut back to a mere three boats. Meanwhile, the Navy has initiated the design of a less expensive follow-on attack submarine, and has concentrated its new submarine construction work at the General Dynamics Electric Boat (GD/EB) shipyard in Groton, Conn.

Despite these efforts, critics in Congress and elsewhere have urged that additional changes are needed. Some favor termination of the third ship of the Seawolf class. Others believe that all construction of nuclear-powered ships, aircraft carriers as well as submarines, should be carried out at one location. And still others argue that the Navy should build at least some diesel-powered submarines rather than the more expensive nuclear boats.

Despite the critics, a careful examination of recent history, current technological trends, and prospective geopolitical developments builds a compelling case for the continued production of SSNs as a reasonable trade-off between future military requirements, current geopolitical uncertainties, and continuing constraints on resources.

BACK TO THE FUTURE

Although the United States fought two world wars prior to the full emergence of Soviet military power in the late 1940s, many policy-makers apparently believe the earlier threats of this century—including the Soviet threat—have no relevance to current or future U.S. security needs. But there is, in fact, a common thread that links all the great military threats of the twentieth century to all of the others, and to the equally imposing challenges that America may face in the foreseeable future.

That common thread is geopolitical uncertainty. Three times in the twentieth century, anti-democratic coalitions sought to dominate Eurasia. The imperialist threat posed by Germany and Austria Hungary was followed by fascist aggression mounted by Germany and Japan, which gave way to communist-sponsored subversion and political upheaval emanating from the USSR and Communist China. These three challenges largely defined U.S. defense policy and spending patterns in the twentieth century.

Such threats were not unanticipated in the nineteenth century. Geopolitical theorists such as Halford Mackinder and Alfred Thayer Mahan had noted the disproportionate concentration of people and material resources in Eurasia, and correctly concluded that insular powers such as the United States must possess the political, economic, and military strength needed to ensure their access to what Mackinder called the ''world island.'' To allow one power, or a coalition of powers, the theorists argued, to control the Eurasian landmass might set the stage for domination of the whole world. During the Cold War, the strategy of assuring access to Eurasia—and of preventing Soviet and Chinese control of it—was christened ''containment'' by George Kennan. But the basic geopolitical roots of the Cold War containment policy differed little from the strategic considerations that in earlier times had drawn the United States into global conflicts against imperialism and fascism.

American seapower played a central role in enabling the United States to execute its containment strategy, just as it played an important part in the efforts of U.S. foes—Germany and Japan in World War II and the